MEMORANDUM AND RECOMMENDATION

OF THE

PRESIDENT OF THE

INTERNATIONAL DEVELOPMENT ASSOCIATION

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED CREDIT

OF SDR 32.9 MILLION

TO

THE SOCIALIST REPUBLIC OF VIET NAM

FOR A

PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT

OCTOBER 25, 1995
Currency Equivalents

The Vietnamese currency is the dong (D). A currency reform in 1985 replaced ten old dong with one new dong.

<table>
<thead>
<tr>
<th>Calendar 1994</th>
<th>December 1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$1.00 = D10.975</td>
<td>US$1.00 = D11.200</td>
</tr>
<tr>
<td>D1.000 = US$0.09</td>
<td>D1.000 = US$0.09</td>
</tr>
</tbody>
</table>

Fiscal Year

January 1 - December 31

Weights and Measures

Metric System

Abbreviations and Acronyms

ADB - Asian Development Bank
ASEAN - Association of South-East Asian Nations
ATMs - Automated Teller Machines
BIDV - Bank for Investment and Development of Viet Nam
CB - Commercial Bank (participating in the project)
CBPS - Commercial Bank Payment System
CIB - Center for Informatics of the Bank
EDI - Economic Development Institute
ESAF - Enhanced Structural Adjustment Facility
GDP - Gross Domestic Product
IBPS - Inter-Bank Payment System
ICB - International Competitive Bidding
IDA - International Development Association
IFC - International Finance Corporation
IMF - International Monetary Fund
MOF - Ministry of Finance
NPC - National Payments Council
PHRD - Population and Human Resources Development Fund (Japan)
PMU - Project Management Unit
PPC - Provincial Processing Center
SAPS - Settlement Account Processing System
SBV - State Bank of Viet Nam
SIDA - Swedish International Development Authority
SOCB - State-Owned Commercial Banks
SOEs - State-Owned Enterprises
SWIFT - Society for Worldwide Interbank Financial Telecommunications
UNDP - United Nations Development Program
VDC - Viet Nam Data Company
VNPT - Viet Nam Posts and Telecommunications
VIET NAM

PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT

Credit and Project Summary

Borrower: The Socialist Republic of Viet Nam
Implementing Agency: The State Bank of Viet Nam
Beneficiaries: The State Bank of Viet Nam - US$13.2 million equivalent
Agribank - US$10.0 million equivalent
BIDV - US$7.7 million equivalent
Eximbank - US$2.6 million equivalent
Incombank - US$7.5 million equivalent
Maritimebank - US$2.6 million equivalent
Vietcombank - US$5.4 million equivalent

Poverty: Not applicable

Amount: SDR 32.9 million (US$49 million equivalent)

Terms: 40 years, including 10 years of grace, on standard IDA terms

Commitment Fee: 0.50% on undisbursed credit balances, less any waiver

On-lending Terms: In US dollars for 20 years, including 5 years of grace, at 6.25% per annum, applicable to commercial banks

Financing Plan: See Schedule A

Net Present Value: Not applicable, but full cost recovery of inter-bank payment services by 2002

Staff Appraisal Report: Report No. 14823 VN

Project ID: 4VNM0A028
MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF IDA
TO THE EXECUTIVE DIRECTORS ON A PROPOSED CREDIT
TO THE SOCIALIST REPUBLIC OF VIET NAM
FOR A PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT

1. I submit for your approval the following memorandum and recommendation on a proposed
development credit to the Socialist Republic of Viet Nam (Viet Nam) for SDR 32.9 million, the equivalent of
US$49 million, on standard IDA terms with a maturity of 40 years to help finance a Payment System and Bank
Modernization Project. Part of the proceeds of the credit would be on-lent in US Dollars to six participating
commercial banks with repayment over 20 years, including five years of grace, with a fixed interest rate of
6.25% per annum, in the following amounts: (a) Agribank - US$10 million; (b) Bank for Investment and
Development - US$7.7 million; (c) Eximbank - US$2.6 million; (d) Incombank - US$7.5 million; (e)
Maritimebank - US$2.6 million; and (f) Vietcombank - US$5.4 million. These banks will bear the USS-Dong
foreign exchange risk associated with repayment. An amount of US$13.2 million equivalent will be used by
the State Bank of Viet Nam.

Background

2. The financial sector in Viet Nam consists essentially of the banking sector. The State Bank of
Viet Nam (SBV) was the country's monobank until 1988, when a separation of commercial and central
banking activities took place. Legislative reforms introduced in 1990 extended banking services to include a
wide variety of ownership structures, and there are in operation today 4 state-owned commercial banks
(SOCBs); 36 share holding banks (30 in urban areas); 69 credit cooperatives; 3 joint venture banks; 16 foreign
bank branches (and 64 foreign bank representative offices); and 153 popular credit funds. The banking sector
is dominated by SOCBs, which accounted for 87% of commercial bank assets in 1994. There are also two
finance companies and one government-owned insurance company. The Government is developing a securities
market, and a limited debt securities market is expected to be operational by end-1995. A full account of recent
developments and the Government's strategy in the financial sector is contained in
_Viet Nam Financial Sector

3. Despite the impressive entry of new banking institutions into the market, Viet Nam remains an
under-banked country. The ratio of currency and deposit liabilities of banks (M3) to GDP appears to have
stabilized in recent years at around 23%, a level considerably lower than that in other transitional economies
and regional countries. Anecdotal evidence suggests that there are considerable savings in the form of foreign
currency, gold and precious metals and stones that remain outside the banking system. Increasing public
confidence in the Government's macroeconomic stabilization policies and in the financial system is necessary
to bring these savings into the formal system. Currency continues to be the predominant means of payment,
and its share in broad money was around 45% in 1994. This compares with a cash/broad money ratio of 10%
in ASEAN countries and less than 25% in most transitional economies. The large proportion of cash in the
broad money ratio reflects a lack of confidence in the banking system caused, _inter alia_, by deficiencies in the
payment system and a lack of banking services geared to the individual.

4. Viet Nam's current payment system is also a legacy of its centrally-planned past. Most
payments are executed through SBV, which maintains 53 branches throughout the country. Every branch of a
commercial bank maintains a clearing and settlement account with its local branch of the SBV. Consumer and
retail transactions are generally cash based, while enterprise and government transactions are executed largely
through special purpose checks and payment orders. The current system does not deal adequately with issues
of certainty or speed of payments that are essential in a market economy. It is also unable to cope with the
anticipated significant increase in the volume of monetary transactions that characterize the transition process.
Basic computer-assisted processing procedures have been introduced during the past two years, which have improved service levels. However, the consensus among users is that more needs to be done to foster the design, development and installation of comprehensive, effective and efficient payments processing arrangements.

5. The banking system is in urgent need of modernization. The SOCB system was created out of the previous monobank which was not geared to a competitive marketplace. The SOCBs now find themselves in the position of having to establish separate identities and, since entry into the banking sector has been greatly liberalized, of having to compete for customers. The new share-holding banks face fewer problems, but they too are hostage to constraining regulations and lack of ability to provide modern banking services. Domestic banks, in general, require considerable institutional strengthening to face up to the challenges of a liberalized marketplace. Their present lack of modern back office procedures constitutes a significant bottleneck in the payment process.

6. To provide advice on payment system development, a National Payments Council (NPC) was set up in July, 1994, consisting of representatives of the SBV, the SOCBs and the non-SOCB sector. Working-level sub-committees have been established within the NPC to advise on critical payment system components, including legal and regulatory issues; accounting and standards; automation; commercial bank modernization and payment system operations. SBV's guiding principles for system development, which have been followed in the preparation of the proposed project, include: (a) universality of access by financial institutions; (b) cost efficiency and self financing through cost recovery; (c) minimization of payment system risks; (d) integrity and reliability; (e) active user participation in all phases of system development; and (f) cost minimization in system design through trade-off between the use of new and existing equipment. The new payment arrangements must be comprehensive and national in scope to meet the payments requirements of the Vietnamese economy in an efficient manner. Thus, the improvement initiative must cover local and non-local inter-bank payments transactions as well as intra-bank and international transactions. An additional requirement is the need for an efficient integration of payments processing with customer accounting and settlement accounting procedures.

Lessons from Previous Bank Involvement

7. There has been one previous IDA operation with some banking sector involvement in Viet Nam - the Agriculture Rehabilitation Project. This project involves, inter alia, a line of credit channeled through Agribank, and includes technical assistance for strengthening of this institution. Implementation experience to date suggests that the main project risks relate to the limited institutional capacity. The proposed project has been prepared bearing this constraint in mind. Lessons from other Bank experience in the payment systems area include: (a) the importance of tailoring payment system solutions to the country’s geography, infrastructure, banking and legal structures, and culture; (b) the need for a formal project management structure, with the key involvement of the central bank; (c) the importance of active user involvement at both policy and working levels in providing direction to the improvement efforts; and (d) the desirability of a phased implementation process whereby the system is extensively tested before “live” operations, introduced on a pilot basis in an initial stage and only fully rolled-out after experience has been gathered in operation. These lessons have been taken into account in the design of the proposed project.

Rationale for IDA Involvement

8. The last Country Assistance Strategy for Viet Nam was discussed by the Executive Directors on October 25, 1994, and this project is consistent with that strategy. It is also consistent with the new Country Assistance Strategy, dated October, 1995. The greatest challenge facing the Government is to manage the transition to a market economy. Modernizing the financial system is a high priority that will affect
all sectors in Viet Nam. The recent Financial Sector Review identified key bottlenecks in the sector including
high taxation of the banks and a weak payment system that discourages the use of the banking system. The
Country Assistance Strategy further states that one of the highest priorities in Viet Nam is to get the financial
system to provide basic services to producers, especially private farmers and firms, and to mobilize capital
now held in liquid forms outside the banking system. Put differently, a key task ahead for the Government is to
promote confidence in the banking system and make it more customer-oriented.

9. The rapid development of the Vietnamese economy requires the support of a robust and
efficient financial sector, which in turn requires an adequate banking sector infrastructure. Efficient payment,
clearing and settlement systems and the associated legal and regulatory requirements are the principal building
blocks of such an infrastructure. The Bank is uniquely placed to assist the Government in the design and
implementation of this financial system infrastructure. It has experience in such projects and is well-equipped
to deal with the variety of policy, design and implementation issues involved. It can provide objective “best
practice” advice, thereby ensuring that key strategic and policy issues involved in the design of such systems
are fully taken into account. The proposed project is an important element of the Bank’s broader financial
sector strategy that is being pursued through analytical work, policy dialogue, lending operations and technical
assistance. Furthermore, it complements on-going initiatives in private sector development.

Project Objective

10. The objective of the proposed project is to assist in the development of a modern banking
sector able to service the needs of a growing economy, thereby increasing confidence in the Vietnamese
banking system. This will be achieved through: (a) improving payment services in the economy in order to
reduce float, speed up circulation of funds and increase efficiency of funds transmission while providing
convenience and service to users: and (b) strengthening the institutional capabilities of participating banks
(CBs) in order to stimulate appropriate commercial bank initiatives to improve internal management and
customer service.

Project Description

11. The project consists of four components: (a) a national inter-bank payment clearing and
settlement system to handle inter- and intra-provincial inter-bank payments; (b) CB intra-bank payment
systems to handle inter- and intra-provincial intra-bank payments: (c) CB institutional strengthening through a
definition of modernization priorities, specifications for key systems such as customer accounting, and
portfolio reviews and financial audits: and (d) project management support consisting of technical assistance
in procurement, project planning and implementation, as well as miscellaneous equipment. Six commercial
banks, accounting for around 90% of the banking sector, will participate in the project in addition to the SBV.
All commercial banks meeting defined participation criteria will be eligible to participate in the new inter-
bank payment arrangements.

Project Implementation

12. The project cost is estimated at US$53.9 million equivalent, with a foreign exchange
component of US$49.6 million equivalent (92% of total). The total financing required, including interest
during construction, is US$60.5 million, of which the IDA credit would finance US$49 million (81%).
Retroactive financing not exceeding US$4.9 million equivalent is recommended for expenditures on
consulting services and equipment incurred after May 12, 1995 required for the efficient start-up of project
activities, including bid preparation. A breakdown of costs and the financing plan are shown in Schedule A.
Amounts and methods of procurement and disbursements, and the disbursement schedule, are shown in
Schedule B. A timetable of key processing events and the status of Bank Group operations in Viet Nam are
given in Schedules C and D, respectively. The Staff Appraisal Report, No. 14823-VN, dated October 25, 1995 is being distributed separately.

13. The project will be implemented by the SBV and the six CBs. Project implementation procedures will vary by the type of goods and services to be procured. The system contract supplier will initially be responsible for the full operation of both inter- and intra-bank systems. The contract will be implemented in four phases after procurement: (a) construction, including detailed system specification, testing and training; (b) initial pilot, in which the new systems will be installed in selected sites; (c) pilot expansion to include all selected sites; and (d) operations and maintenance, in which the vendor will operate the new systems for a period of one year after it has been installed in all sites covered by the project. A Project Management Unit (PMU) has been set up at the SBV and is responsible for: (a) coordinating day-to-day implementation activities; (b) administering the IDA credit; and (c) serving as the focal point for supervision activities. A Project Management Plan, covering key implementation issues, has been defined by the PMU and beneficiary institutions. Adequate consulting assistance is being provided under the project to assist the implementing agencies in procurement, management and implementation of the project. Implementation of the institutional strengthening studies will be the responsibility of the CB concerned, assisted by the PMU and external consultants as necessary.

Project Sustainability

14. The project supports a key Government priority for financial sector development - payment system improvement, and has been defined by the SBV upon advice from the NPC and its sub-committees. All direct beneficiaries are represented in the NPC and are active participants in these sub-committees. The SBV and CBs have demonstrated full ownership of the project through their involvement in and direction of the preparation work. The guiding principles in project design will also contribute to ownership and sustainability of project interventions. The selected vendor will be expected to install the system and operate it for a limited time while training the Vietnamese counterparts on-the-job. This will minimize implementation problems likely to arise at start-up, and will ensure sustainability through training. Institutional studies for the CBs have been included at their express request, and respond to deeply-felt needs within these banks for modernization of their customer accounting and other back office procedures. The phased implementation of the inter-bank and intra-bank systems will give the necessary breathing room for all improvements to be fully internalized prior to expanding the network. In terms of financial sustainability, the inter-bank systems are expected to achieve full cost-recovery by 2002 and will generate a surplus thereafter for further payment system development and roll-out.

Agreed Actions

15. The following agreements were reached at negotiations: (a) implementing and on-lending agreements, satisfactory to IDA, will be entered into between SBV and each of the CBs setting out the terms and conditions of the on-lending and implementing arrangements in respect of each CB’s improvement plans as a condition of effectiveness; (b) the requisite X.25 data communications capabilities will be in place by September 30, 1996 and data communications service level agreements will be entered into between VNPT and SBV/ CBs by December 31, 1996; (c) participation criteria for commercial bank participation in the inter-bank payment system, satisfactory to IDA, will be adopted as a condition of effectiveness; (d) operating procedures for the inter-bank system and SBV electronic funds transfer regulations, satisfactory to IDA, will be adopted by December 31, 1996; (e) CB portfolio reviews will be carried out according to terms of reference and timing satisfactory to IDA, and CB financial statements, audited by a firm satisfactory to IDA, will be submitted within 9 months after the close of each fiscal year; and (f) the pricing structure and fee schedule for all inter-bank payment services to be provided through the new system will follow principles agreed with IDA.
Project Benefits

16. Project benefits are: (a) improvement in settlement account management through centralization of settlement accounts; (b) reduction in payment delays, and thus reductions in float; (c) enhancements in the ability of commercial banks to offer improved customer service due to reliable inter- and intra-bank payment mechanisms; (d) increase in the operational efficiency of CBs resulting from institutional development; and (e) improvements in the legal and regulatory framework, as well as standardization of payment instruments and related processing, leading to increased user confidence. Inter-bank payment services under the new system are expected to cost considerably less than the tariffs charged at present, and full cost recovery is expected by 2002. System performance and development impact indicators that will be monitored include: (a) system availability for 99.5% of normal business hours; and (b) average growth in number of payment messages of 15% per annum.

Project Risks

17. The major project risk relates to the procurement process. The award of large contracts for computer hardware and software is technically complex and needs to be carefully managed. This risk has been minimized in the proposed project through the design of a transparent system for procurement under a system contract. To avoid duplication, the system has been designed to make optimum use of all existing equipment. To mitigate the risk of inadequate cooperation between the beneficiaries, the established organizational structures, through which successful project preparation was undertaken, will continue to be used for project implementation to ensure the active involvement of all key parties to the project in critical decision making. To ensure project sustainability and to develop essential skills and knowledge, the vendor will both operate and support the new payment arrangements for a period of one year after implementation as well as provide comprehensive training to relevant Vietnamese personnel. To minimize risks of project delays resulting from inadequate project management skills, consulting support will be provided during implementation. Finally, while it is unlikely that the lack of availability of data communication services will be a constraint on project implementation, vendors will be asked to define contingency plans in the event that the necessary data communications services are delayed.

Recommendation

18. I am satisfied that the proposed development credit would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve it.

James D. Wolfensohn
President

Attachments
Washington, D.C.
October 25, 1995
### VIET NAM
PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT
Estimated Costs and Financing Plan

#### Project Cost:

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-bank System</td>
<td>0.69</td>
<td>10.48</td>
<td>11.17</td>
</tr>
<tr>
<td>Intra-bank Systems</td>
<td>2.36</td>
<td>25.01</td>
<td>27.37</td>
</tr>
<tr>
<td>Institutional Strengthening</td>
<td>-</td>
<td>5.50</td>
<td>5.50</td>
</tr>
<tr>
<td>Project Management Support</td>
<td>0.07</td>
<td>0.65</td>
<td>0.72</td>
</tr>
<tr>
<td><strong>Duties and Taxes</strong></td>
<td>0.55</td>
<td>-</td>
<td>0.55</td>
</tr>
<tr>
<td><strong>Base Cost</strong></td>
<td>3.67</td>
<td>41.64</td>
<td>45.31</td>
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<tr>
<td>Physical Contingencies</td>
<td>0.37</td>
<td>4.16</td>
<td>4.53</td>
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<tr>
<td>Price Contingencies</td>
<td>0.30</td>
<td>3.78</td>
<td>4.08</td>
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<td><strong>Total Cost with Contingencies</strong></td>
<td>4.34</td>
<td>49.58</td>
<td>53.92</td>
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<tr>
<td>Interest During Construction</td>
<td>6.13</td>
<td>0.50</td>
<td>6.63</td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td>10.46</td>
<td>50.08</td>
<td>60.54</td>
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#### Financing Plan:

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<th>Foreign</th>
<th>Total</th>
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<tr>
<td>IDA</td>
<td>-</td>
<td>49.00</td>
<td>49.00</td>
</tr>
<tr>
<td>State Bank of Viet Nam</td>
<td>1.19</td>
<td>0.45</td>
<td>1.64</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>9.27</td>
<td>0.63</td>
<td>9.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10.46</td>
<td>50.08</td>
<td>60.54</td>
</tr>
</tbody>
</table>

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\(^a\) in January 1995 prices. Totals may not add up due to rounding.
### VIET NAM
PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT

**Summary of Proposed Procurement Arrangements**
(US$ million)

<table>
<thead>
<tr>
<th>Component</th>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ICB</td>
</tr>
<tr>
<td>Computer Systems and Related Services</td>
<td>43.95</td>
</tr>
<tr>
<td>(system contract)</td>
<td>(41.75)</td>
</tr>
<tr>
<td>Vehicles and Equipment</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td>(0.08)</td>
</tr>
<tr>
<td>Consultants</td>
<td>7.17</td>
</tr>
<tr>
<td></td>
<td>(7.17)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>43.95</td>
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<td></td>
<td>(41.75)</td>
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</table>

Figures in parentheses represent amounts financed by the IDA credit
NBF: not IDA Financed: facilities, transportation, duties and taxes
Other: national shopping; consultant services
## Disbursements

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (US$ million)</th>
<th>Percentage of Expenditures Financed</th>
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</thead>
<tbody>
<tr>
<td>I. Goods</td>
<td>0.08</td>
<td>100% of foreign expenditures&lt;br&gt;100% of local expenditures (ex factory cost) and 75% of local expenditures for other items produced locally</td>
</tr>
<tr>
<td>II. Consultant Services</td>
<td>6.00</td>
<td>100% of expenditures</td>
</tr>
<tr>
<td>III. System Contract</td>
<td>38.00</td>
<td>95% of expenditures</td>
</tr>
<tr>
<td>IV. Unallocated</td>
<td>4.92</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49.00</strong></td>
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## Estimated Disbursements

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<th></th>
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<tr>
<td>Annual</td>
<td>1.47</td>
<td>17.15</td>
<td>19.60</td>
<td>8.82</td>
<td>1.96</td>
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<tr>
<td>Cumulative</td>
<td>1.47</td>
<td>18.62</td>
<td>38.22</td>
<td>47.04</td>
<td>49.00</td>
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VIET NAM  
PAYMENT SYSTEM AND BANK MODERNIZATION PROJECT

Timetable of Key Processing Events

(a) Time taken to prepare project  
15 months

(b) Prepared by  
National Payments Council

(c) First IDA Mission  
January 1994

(d) Completion of Appraisal  
May 12, 1995

(e) Negotiations  
October 1995

(f) Planned Date of Effectiveness  
February 1, 1996

(g) List of Relevant ICRs and PPARs  
None

This report is based on the findings of a mission to Viet Nam in May 1995, comprising Shilpa Patel (Task Manager); Robert Keppler (Payment System Specialist); Martin Edmonds (Financial Specialist - Consultant); and Chander Ohri (Procurement - Consultant). Merle Mendis-Dennis assisted in the processing of the report. The project was prepared by the National Payments Council with assistance from PA Consulting Group. Peer Reviewers were Setsuya Sato and Ike Ikramullah. The Division Chief is Pamela Cox, EA1CO, and the Director is Callisto E. Madavo, EA1.
### STATUS OF BANK GROUP OPERATIONS IN VIET NAM

#### A. STATEMENT OF BANK LOANS AND IDA CREDITS *(a)*

(As of September 30, 1995)

<table>
<thead>
<tr>
<th>Loan or Credit Number</th>
<th>Fiscal Year</th>
<th>Borrower</th>
<th>Purpose</th>
<th>Amount (US$ million) <em>(b)</em></th>
<th>IDA <em>(b)</em></th>
<th>Undisbursed</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><em>(less cancellations)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One credit fully disbursed</td>
<td></td>
<td></td>
<td></td>
<td>59.70</td>
<td></td>
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<tr>
<td>2548</td>
<td>1994</td>
<td>Viet Nam</td>
<td>Primary Education</td>
<td>70.00</td>
<td>68.94</td>
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<tr>
<td>2549</td>
<td>1994</td>
<td>Viet Nam</td>
<td>Highway Rehabilitation</td>
<td>158.50</td>
<td>160.72</td>
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<tr>
<td>2561</td>
<td>1994</td>
<td>Viet Nam</td>
<td>Agriculture Rehabilitation</td>
<td>96.00</td>
<td>36.92</td>
<td></td>
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<tr>
<td>*2657</td>
<td>1995</td>
<td>Viet Nam</td>
<td>SAC 1</td>
<td>150.00</td>
<td>61.85</td>
<td></td>
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<tr>
<td>2711</td>
<td>1995</td>
<td>Viet Nam</td>
<td>Irrigation Rehabilitation</td>
<td>100.00</td>
<td>100.09</td>
<td></td>
</tr>
<tr>
<td>2724</td>
<td>1995</td>
<td>Viet Nam</td>
<td>Power Sector Rehabilitation</td>
<td>165.00</td>
<td>165.22</td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>799.20</td>
<td>593.73</td>
<td></td>
</tr>
<tr>
<td>of which has been repaid</td>
<td></td>
<td></td>
<td></td>
<td>4.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Now Held By Bank and IDA</td>
<td></td>
<td></td>
<td></td>
<td>795.02</td>
<td></td>
<td></td>
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</table>

* Amount sold 0.00

| Total Undisbursed | 593.73 | 593.73 |

*(a)* The status of the projects listed in Part A is described in a separate report on all IBRD/IDA-financed projects in execution, which is updated twice yearly and circulated to the Executive Directors on April 30 and October 31.

*(b)* Principal amounts in US$ equivalent at date of negotiations, and undisbursed amounts in equivalent are valued at exchange rate applicable on the date of this statement.

* Indicates SAL\SECAL loans and credits.
### B. STATEMENT OF IFC INVESTMENTS
(As of September 30, 1995)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Year</th>
<th>Obligor</th>
<th>Type of Business</th>
<th>Original Gross Commitments</th>
<th>Undisbursed Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IFC Loan</td>
<td>IFC Equity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ million</td>
<td>$ million</td>
</tr>
<tr>
<td>1994</td>
<td></td>
<td>Hanoi Sofitel Metropole</td>
<td>Tourism</td>
<td>8.5</td>
<td>-</td>
</tr>
<tr>
<td>1995</td>
<td></td>
<td>Baria Port</td>
<td>Industrial Services</td>
<td>3.0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Less Cancellations, Terminations, Repayments &amp; Sales</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Commitments Held</td>
<td>11.5</td>
</tr>
</tbody>
</table>

### Pending Commitments

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of Business</th>
<th>Fiscal Year</th>
<th>Obligor</th>
<th>Type of Business</th>
<th>Original Gross Commitments</th>
<th>Undisbursed Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IFC Loan</td>
<td>IFC Equity</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ million</td>
<td>$ million</td>
</tr>
<tr>
<td>1995</td>
<td>Dairy Products</td>
<td>Foremost Dairy</td>
<td>Dairy</td>
<td>8.0</td>
<td>-</td>
<td>7.0</td>
</tr>
<tr>
<td>1996</td>
<td>Agribusiness</td>
<td>Vimaflour</td>
<td>8.0</td>
<td>-</td>
<td>3.0</td>
<td>11.0</td>
</tr>
<tr>
<td>1996</td>
<td>Cement</td>
<td>Morning Star Cement</td>
<td>30.0</td>
<td>-</td>
<td>66.6</td>
<td>96.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>46.0</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>57.5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.1</td>
<td>-</td>
</tr>
</tbody>
</table>

**Note:**
- Gross commitments consist of approved and signed projects.
- Held commitments consist of disbursed and undisbursed investments.